

Message Text

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73

ACTION EB-07

INFO OCT-01 ARA-06 ISO-00 FEA-01 AGR-05 CEA-01 CIAE-00

DODE-00 FRB-03 H-02 INR-07 INT-05 L-03 LAB-04 NSAE-00

NSC-05 PA-01 AID-05 CIEP-01 SS-15 STR-04 ITC-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 IO-13 /100 W

----- 060193

R 101538Z SEP 76

FM AMEMBASSY SANTO DOMINGO

TO SECSTATE WASHDC 8211

INFO AMEMBASSY PORT AU PRINCE

AMEMBASSY CARACAS

LIMITED OFFICIAL USE SANTO DOMINGO 4413

E.O. 11652: N/A

TAGS: ETRD, EFIN, DR

SUBJ: NEW BALANCE-OF-PAYMENTS DEVELOPMENTS

REF: A) SANTO DOMINGO 4357, B) SANTO DOMINGO 4111 (NOTAL)

1. ACCORDING TO CENTRAL BANK GOVERNOR PERICHE AND LOCAL MANAGERS OF US AND CANADIAN BANKS HERE, THE CENTRAL BANK THIS WEEK BORROWED DOLS 25 MILLION IN ORDER TO MAKE AD DOLS 40 MILLION QUARTERLY PAYMENT TO VENEZUELA FOR PETROLEUM IMPORTS. THE BORROWINGS WERE DOLS 10 MILLION FROM FIRST NATIONAL CITY BANK, DOLS 10 MILLION FROM BANK OF NOVA SCOTIA, AND DOLS 5 MILLION FROM CHASE MANHATTAN, EACH FOR 90 DAYS AND EACH AT ONE AND ON-HALF PERCENT ABOVE THE NEW YORK ACCEPTANCE RATE OF ABOUT 5.35 PERCENT. THE LOCAL MANAGER OF THE BANK OF BOSTON REPORTS HE HAD ALSO BEEN APPROACHED BY PERICHE'S ASSISTANT BUT HAD BEEN UNABLE TO COME TO TERMS ON THE INTEREST RATE.

2. CITIBANK'S LOCAL MANAGER IVAN CULBERTSON FIGURES THAT SINCE THERE IS NO WAY THE DR CAN REPAY THIS MONEY AT THE END OF 90 DAYS, THIS MUCH CREDIT AND PROBABLY MORE WILL HAVE TO BE EXTENDED

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SHORTLY. INASMUCH AS THE WORLD PRICE OF SUGAR HAS JUST FALLEN

BELOW EIGHT CENTS PER POUND, HE IS UNDOUBTEDLY RIGHT.

3. THE CENTRAL BANK GOVERNOR ESTIMATES THAT THE FOREIGN EXCHANGE SAVINGS RESULTING FROM THE NEW IMPORT RESTRICTIONS ADOPTED SEPTEMBER 2 (SEE REFTTEL A) WILL BE DOLS 15 TO DOLS 20 MILLION ANNUALLY. MOST OF THESE SAVINGS WILL COME FROM REDUCED IMPORTS OF TOBACCO AND MALT FOR BREWING BEER.
HURWITCH

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